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27 October 2023

Kodal Minerals plc

("Kodal Minerals", "Kodal" or the "Company")

Kodal and Hainan Group Agree to Completion of Bougouni Lithium Project Funding Package

Kodal Minerals, the mineral exploration and development company focused on lithium and gold assets in West Africa, announces that the Company, Kodal Mining UK Limited ("KMUK"), Hainan Mining Co. Limited ("Hainan"), and Hainan's wholly owned UK-incorporated subsidiary Xinmao Investment Co. Limited ("Xinmao" and together with Hainan, the "Hainan Group") have agreed terms to complete the funding package announced on 19 January 2023 (the "Transaction"). KMUK is the Company's new UK registered subsidiary formed to be the holder of the Mali lithium assets and which will be owned 49 per cent. by Kodal and 51 per cent. by the Hainan Group.

The agreement for completion of the Transaction follows from the waiving of certain conditions precedent relating to the reorganisation of Kodal's Mali lithium assets, being (i) the transfer of the Bougouni mining licence from Future Minerals SARL to KMUK's new Mali subsidiary, Le Mines de Lithium de Bougouni SA ("LMLB"); and (ii) the transfer of the Sogola-Nord concession to Future Minerals SARL, which will also be a 100% owned subsidiary of KMUK. The Mali government will become a shareholder in the subsidiary mining company following completion of the transfer and finalisation of shareholder agreements and LMLB has been established to be the holder of the Bougouni mining licence and operator of the mine. These transfers will occur at a later date once formal approval of the Direction Nationale de la Geologie et des Mines ("DNGM") in Mali has been received. Kodal continues to liaise with the DNGM to seek completion of the transfers as soon as possible and in the meantime these assets are deemed to be held on trust for the benefit of KMUK, whilst Kodal progresses the Bougouni Lithium project with the funding from Hainan.

Kodal has agreed warranties and indemnities up to US\$100 million in relation to the waiving of these conditions precedent for the transfer of the Bougouni mining licence and the Sogola-Nord concession. The warranties and indemnities cover the period from Completion (as defined below) to the point of transfer of the licence and the concession, with a two year period for claims to be made. Kodal will warrant the good standing of the licence and concession at the time of transfer.

The parties are looking to finalise all remaining compliance items as soon as possible with the expected transfer of money (US\$117.75 million in total, of which US\$3.5 million has been received as a pre-payment as announced on 3 August 2023) for the completion of the Transaction now expected in the first half of November 2023. Consequently, the parties have extended the long stop date for completion of the Transaction to 15 November 2023 or such later date that may be agreed in writing between the parties ("Completion"). Upon the receipt of funds pursuant to the Transaction, the parties expect to accelerate the development and mining activities of the Bougouni Lithium project, targeting production as quickly as possible.

The full terms of the Transaction were set out in the Company's announcement on 19 January 2023.

Bernard Aylward, CEO of Kodal Minerals, remarked: "Kodal and Hainan have maintained high levels of communication throughout this process of finalising the funding transaction. This has allowed the parties to agree to the waiver of the final conditions precedent in the interest of moving forward with the project. Kodal and Hainan are both very keen for the next important stage of mine development to commence as soon as

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"The development activity is progressing on site with the road upgrades to provide access for the start of construction of site infrastructure. Off-site Kodal, Hainan and our consultants are continuing to finalise the engineering design of the processing plant as well as progressing mine design and site optimisation.

"The completion of the funding package transaction is a major milestone for the development of the Bougouni Lithium project, and we are looking forward to working closely with our partners to achieve production as soon as possible from the Bougouni Lithium mine."

****ENDS****

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